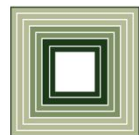


Natural & Economic Resources (NER) Target Overview

March 1, 2011



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Outline

- Budget Terms
- NER Target & Comparisons
- Rules & Guidelines
- Budget Timeline & Process



Budget Terms: Budget Types

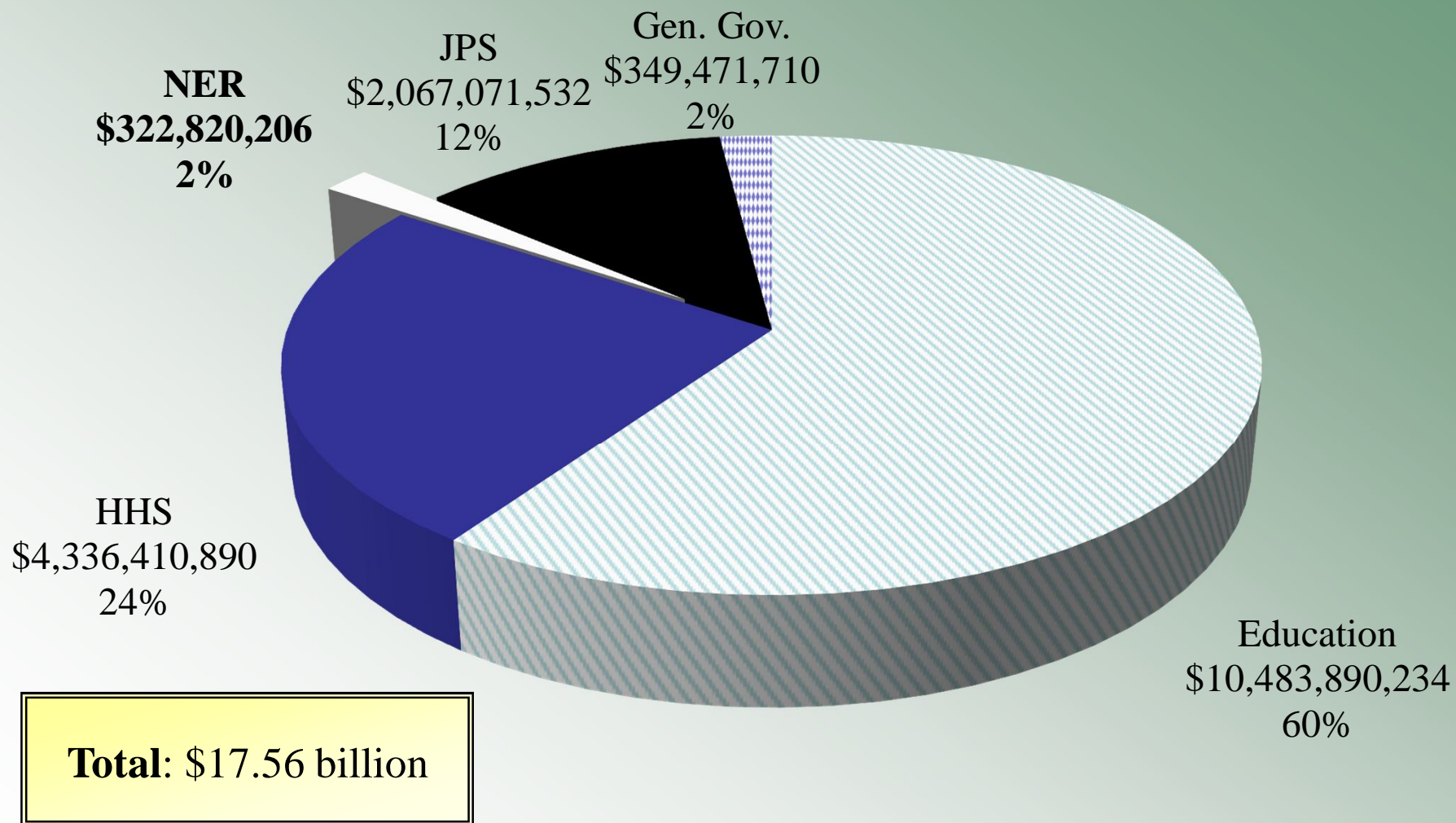
Certified: the budget as enacted by the General Assembly plus any funds appropriated to reserves to be allocated to agencies

Authorized: the certified budget updated to reflect line-item reallocations approved by the Office of State Budget & Management

Actual: the budget as it was or is implemented

Continuation (Base): the budget required to carryout already established programs at the level of support approved by a previous General Assembly; may include annualization of costs funded for a partial year in a prior budget

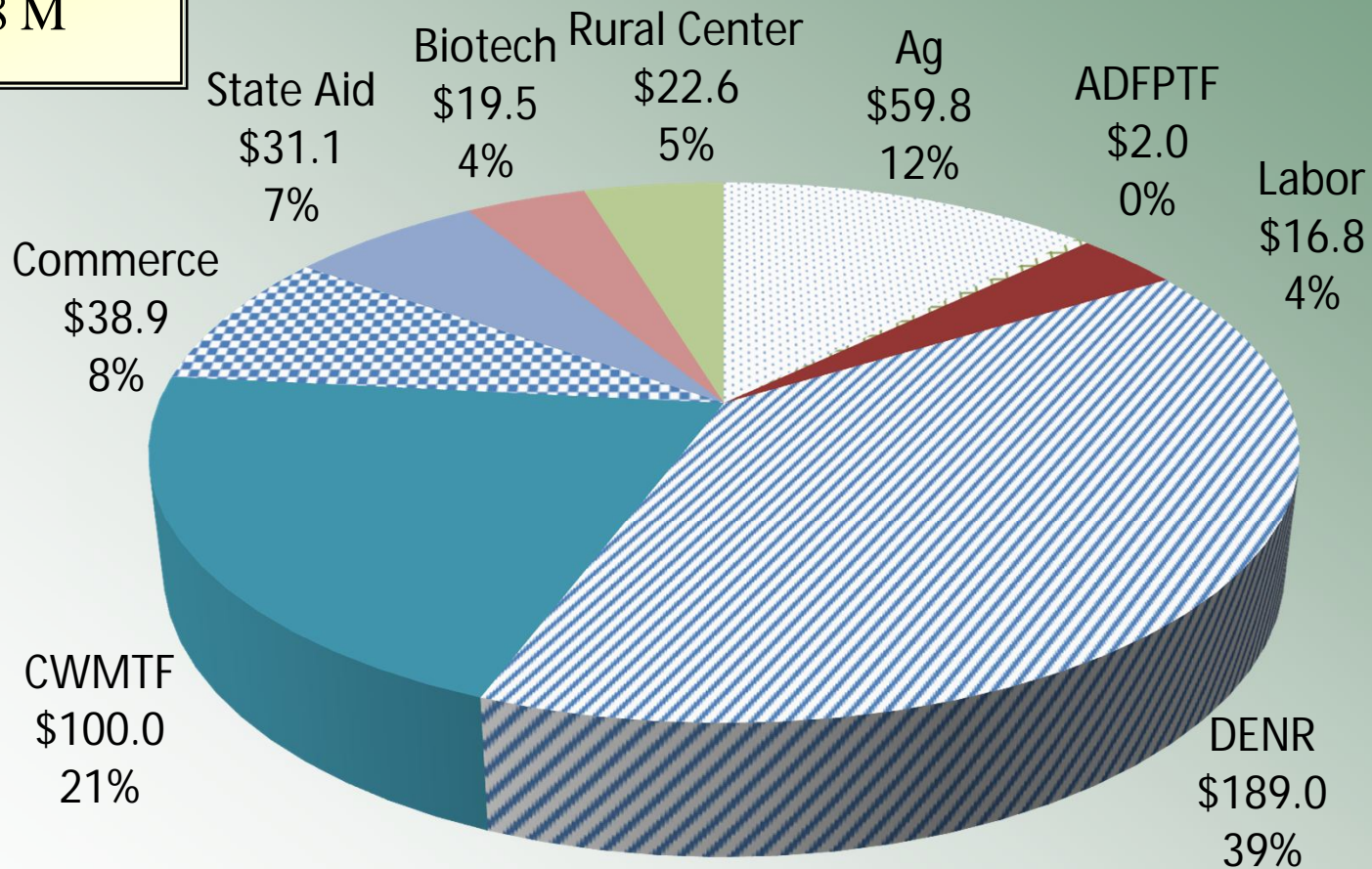
Subcommittee Targets, FY 2011-12



NER Continuation Budget, FY 2011-12

(in millions)

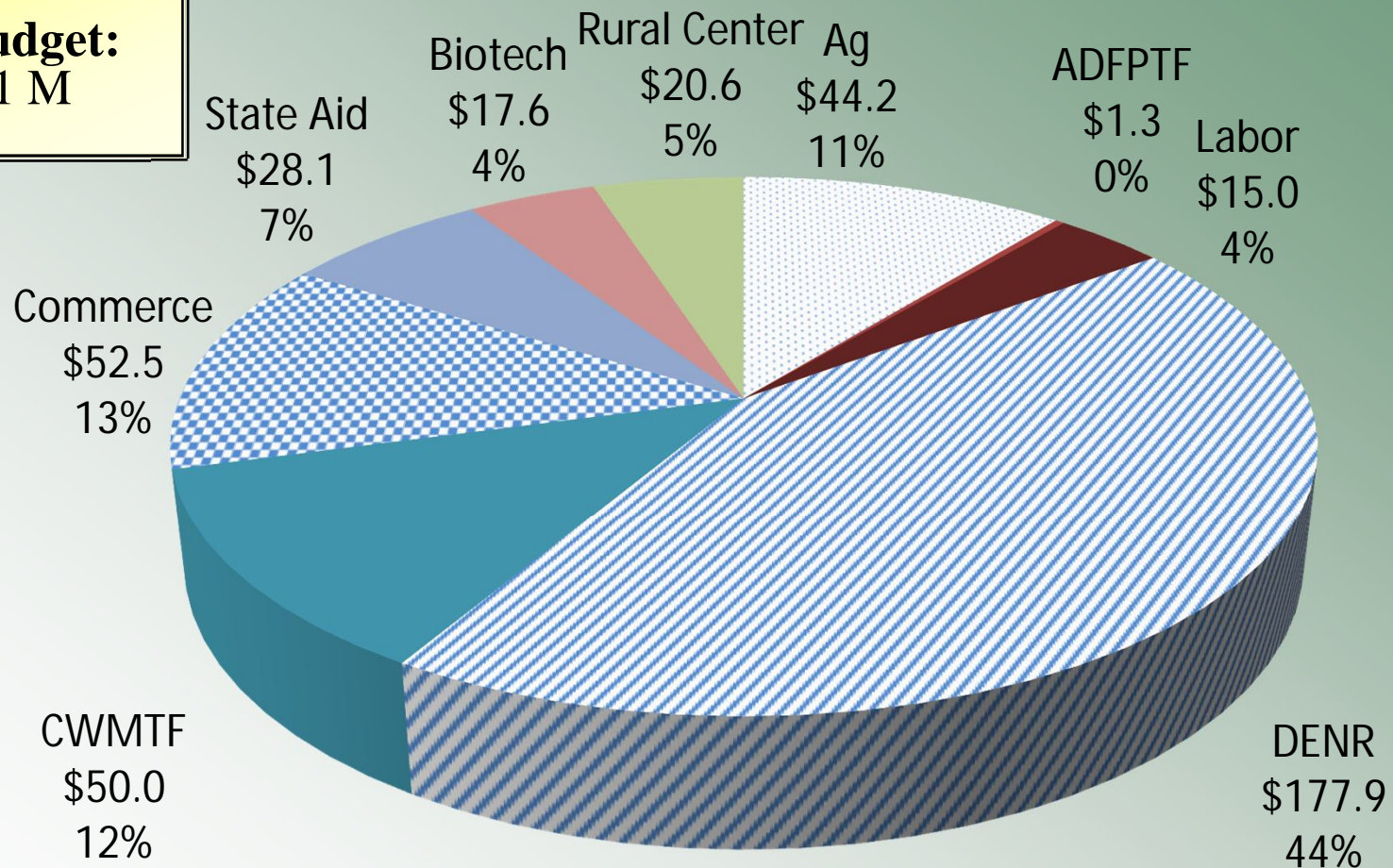
Total Budget:
\$479.8 M



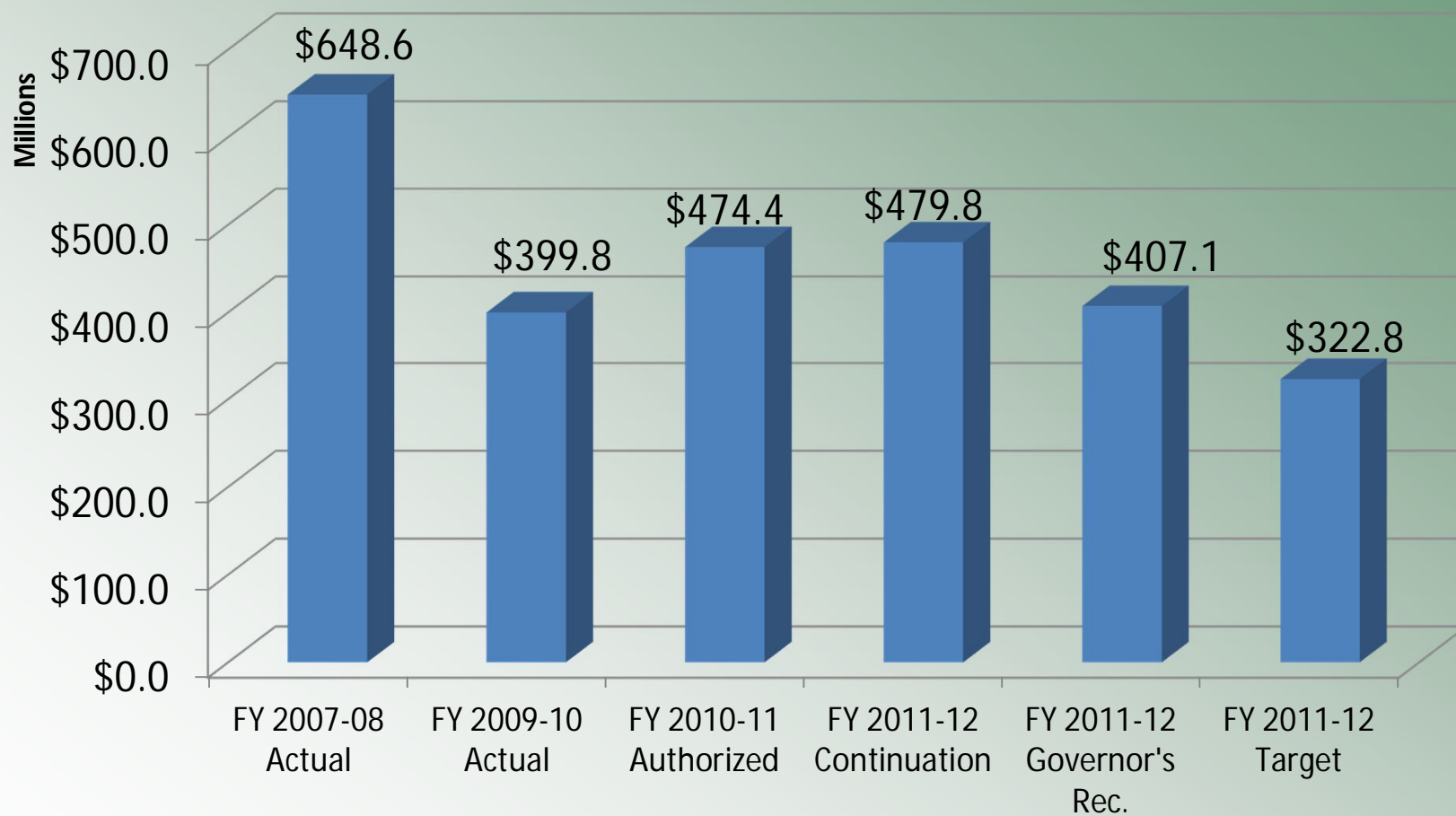
NER Governor's Budget, FY 2011-12

(in millions)

Total Budget:
\$407.1 M



Comparisons



General Subcommittee Guidelines

- Focus on funding core governmental services.
 - Eliminate obsolete or ineffective programs.
 - Eliminate/reduce funds for non-profits.
 - Eliminate/reduce funds for boards and commissions.
 - Consolidation of programs and agencies.
 - Eliminate vacant and temporary positions.
 - Reduce layers of management.
 - Span of control.

General Subcommittee Guidelines

- Determine the necessary growth in mandatory programs/services
 - Reevaluate/improve funding formulas.
 - Reevaluate how rates are determined and established.
 - Funding of enrollment growth and building reserves will have to be managed within the subcommittee spending target.
- Privatization of services.
- Maximize the use of federal funds (determine if the State is overmatched in some areas.)

General Subcommittee Guidelines

- Increase fees only to the extent that the cost of providing a service is covered. (Fees have to be reviewed by the Full Appropriations Chairs.)
- No management flexibility reserves.
- Refer salaries and benefits issues to the Full Appropriations Chairs (i.e. early retirement incentives, salary changes and furloughs).
- No expansion.

NER Assumptions

- No funds are included for the Clean Water Management Trust Funds (Full Chairs Item).
- Golden Leaf (Full Chairs Item).
- Tobacco Trust Fund (Full Chairs Item).
- Fees must be reviewed by the Full Chairs.

NER Items to Consider

- Analyze state regulations that exceed federal requirements.
- Analysis of Economic Development Programs (JDIG and One NC).
- Consolidation of Commerce and Employment Security Commission.
- Reductions will have to be made to match the Clean Water and Drinking Water Revolving Loans (if the subcommittee determines the funds are necessary).
- Wildlife Resources Funds.
- Parks and Recreational Trust Fund.
- Restrict land and equipment purchases.
- Funding for local water and sewer projects.

Timeline

March 31 – Joint Budget Complete

April 17 – Publish House Budget

April 22 – House Budget Complete

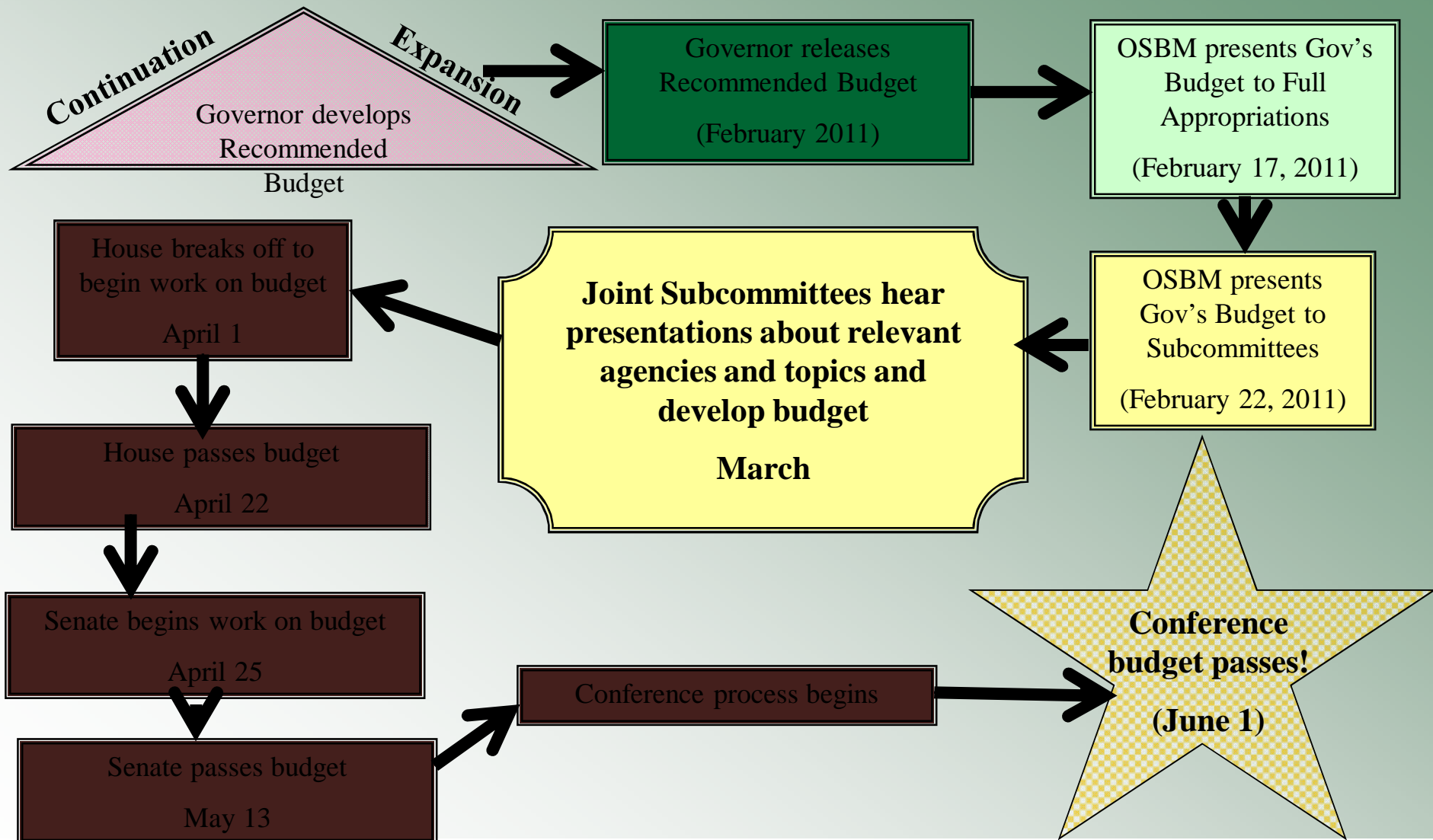
May 8 – Publish Senate Budget

May 13 – Senate Budget Complete

May 27 – Publish Conference Budget

June 1 – Conference Budget Complete

The Budget Process Flowchart



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Commerce, Boards & Commissions, State-Aid